

Message Text

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FOR COMMERCE

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SUBJECT: CERP 0558: INDUSTRIAL OUTLOOK REPORT: POWER
EQUIPMENT & POWER ELECTRICAL EQUIPMENT

REF: (A) 10 FAM 121; (B) STATE A-0463; (C) LONDON 5253;
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1. THE TWO MAJOR DECISIONS OF 1977 IN THE AREA OF
POWER GENERATING EQUIPMENT WERE TO:

(A) PROCEED WITH THE SECOND PHASE OF THE CONSTRUCTION
OF DRAX POWER STRATION, INSTALLING THREE 660 MEGAWATT
GENERATING UNITS AND,

(B) TO PROCEED WITH THE CONSTRUCTION OF TWO ADVANCED
GAS REACTORS (AGR) WHILE KEEPING THE OPTION OF ORDERING
ONE LIGHT-WATER (PWR) STATION, AFTER 1982.

2. THE DECISION ON THE COMPLETION OF THE DRAX STATION
WAS COUPLED WITH THE ANNOUNCEMENT THAT THE TWO MAJOR
BRITISH BOILER COMPANIES, BABCOCK AND WILCOX LTD AND
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CLARKE CHAPMAN LTD HAD AGREED TO SET UP A NEW COMPANY
TO JOINTLY DESIGN AND MANUFACTURE A STANDARD 660 MEGA-
WATT BOILER FOR BOTH THE UK AND EXPORT MARKET. SIMILAR
JOINT DESIGN AND MANUFACTURING CONTRACTS WILL BE LET
FOR THE REQUIRED TURBO GENERATORS.

3. BEYOND DRAX AND THE NUCLEAR STATIONS THERE ARE NO

IMMEDIATE PROSPECTS FOR NEW POWER STATIONS. BRITISH POWER CONSUMPTION HAS BEEN GROWING AT LOW RATES SINCE 1973. PRELIMINARY FIGURES FOR 1977 INDICATE THAT ELECTRICITY GENERATED IN THE U.K. REACHED A NEW PEAK OF 262.04 TERAWATT (THW) HOURS SURPASSING THE OLD RECORD OF 258.8 THW SET IN 1973. THE RATE OF GROWTH IN ELECTRICITY IS NOT EXPECTED TO SHOW ANY DRAMATIC INCREASE AND ALTHOUGH NEW POWER STATIONS WILL PROBABLY BE REQUIRED TO REPLACE THOSE OLDER STATIONS THAT MUST BE TAKEN OUT OF THE NETWORK IT IS UNLIKELY THAT ANY MAJOR CONSTRUCTION PLANS WILL BE FORTHCOMING FOR SEVERAL YEARS.

4. OUTLOOK FOR US EXPORTS:

VIRTUALLY ALL OF THE MAJOR ITEMS NEEDED FOR THE NEW PLANTS WILL COME FROM BRITISH SOURCES. IT IS BRITISH GOVERNMENT POLICY TO ATTEMPT TO KEEP DOMESTIC INDUSTRY ALIVE AND, AS DESCRIBED ABOVE, SPECIAL EFFORTS ARE BEING TAKEN TO COORDINATE BOTH THE DESIGN AND MANUFACTURE OF EQUIPMENT FOR THE DRAX PROJECT. SIMILARLY PART OF THE RATIONALE FOR THE DECISION TO USE THE AGR RATHER THAN THE PWR WAS THE DESIRE TO DEVELOP A BRITISH TECHNOLOGY WHICH COULD COMPETE SEPERATELY ON THE WORLD MARKET.

5. AMERICAN MANUFACTURERS REMAIN COMPETITIVE IN THE AREAS OF SELF-CONTAINED POWER UNITS, SUCH AS THOSE

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USED ON OIL DRILLING RIGS, INDUSTRIAL PLANT POWER-GENERATING EQUIPMENT AND HIGH-VOLTAGE POWER SUPPLY EQUIPMENT FOR LABORATORY USE. THE QUESTION OF COST MENTIONED IN REF D HAS BECOME SOMEWHAT LESS PRESSING WITH THE CHANGES IN THE EXCHANGE RATE THAT HAVE OCCURRED IN THE PAST YEAR, BUT U.S. MANUFACTURERS MUST STILL CONTEND WITH HIGH TRANSPORT COSTS AND A BRITISH INDUSTRY WORKING HARD TO COME OUT OF A RECESSION AND SCRAMBLING FOR THE FEW ORDERS AVAILABLE.

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